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DEPUTY ASSISTANT SECRETARY ROBERT ICHORD
AMBASSADOR DAN MOZENA

PRESS ROUNDTABLE

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Ambassador Mozena: Good evening everybody. It's nice to see you.
This is something very important. You have the bio already so I won't repeat it but Bob is, to underscore one thing, he's the Deputy Assistant Secretary of State for Energy Resources. Do you know that we've had three Deputy Assistant Secretaries of State here in four days? And you should be feeling sorry for me and I don't see any sympathy whatsoever in your eyes. [Laughter].

This is really exciting stuff because Bob is here, this is his third trip here. Bob is here to promote a program called Sustainable Energy For All, and it's written SE4ALL, all in caps, SE4ALL, Sustainable Energy for All. He'll tell you about it, but I just have to tell you a little bit. This is the idea of energizing the private sector to help do three things. One, promote access to power. Of course that's a priority of the Government of Bangladesh as well. Two, to promote the use of renewable energy. When you look at the plans of Bangladesh they include an important role for renewables. Third is conservation. Because you can generate a lot of power by stopping waste. You don't mean just Bangladesh, I mean everybody, including my own country. So that's what this is all about. Sort of a three-legged stool and Bob has been here, like I said, the third time, and engaging with Bangladesh to advance that agenda in some very, very interesting ways some of you at least I don't think know about, so that will be a good story for you to hear. Anyway, this is Bob Ichord.

DAS Ichord: Thank you. Let me say a few words and then open up for questions.
Indeed, I'm here to follow up on the interest that the Bangladesh government took in the Sustainable Energy Development Initiative which was formally launched at the Rio + 20 Conference about two years ago by the Secretary General of the UN, Ban Ki-moon. Since then

the President of the World Bank has joined with Ban Ki-moon so that the initiative is co-chaired by the two heads. It's a unique partnership. A partnership with the private sector, among governments, and international financial institutions to advance, as the Ambassador said, the three goals of universal access to electricity by 2030, doubling the rate of energy efficiency -- and I use the word energy efficiency because we're talking here about productivity. We're talking about using less energy but we're not talking about sacrificing growth in the process. That's very important as we look at the need for growth and how energy can be a facilitator of that growth. And thirdly, to double the share of renewable energy in the global energy mix from about 10 percent to 20 percent. These goals are ones that are aspirational. They are ones that we've looked at it from the U.S. standpoint and the Department of Energy has looked at these goals, and they are goals that the U.S. can aspire to and meet in terms of our targets because we've been moving to increase our role in energy efficiency like in the vehicles area and in renewable energy in terms of the tremendous increase in renewable energy development in the U.S.

Bangladesh faces an enormous challenge in energy. I worked here with USAID in the '80s and energy was important then and we helped to develop the Rural Electrification Program that began the process to develop the electricity grid that serves many areas. At that time there were only 13 PBSes and now there are 70. PBS is the rural cooperative system, as you know, under the Rural Electrification Board, REB. It's expansion shows the tremendous growth in population and the requirements for energy since that period of time.

But the access issue still remains a very important dimension of the program of the government and of course the government would like to see universal access to electricity by 2021, not just 2030. So the Government has a very ambitious target.

So under the SE4ALL Initiative, Bangladesh is one of 83 countries that has formally expressed interest in participation. The United States has been actively involved since the beginning of the initiative, and now we are represented at the highest level with Secretary Kerry being on the Advisory Board of this initiative. And my boss, Ambassador Carlos Pascual who is Head of the Energy Resources Bureau in the State Department is on the Executive Committee.

We wanted to work on the country action program element of the initiative and, we felt Bangladesh would be an excellent opportunity. The government was interested in us taking the lead, not doing it all, but taking the lead to organize the international community to work with the country on these issues.

So during my first visit we in a sense developed a way forward which included trying to develop an investment approach, an investment prospectus that basically says okay, here are promising areas for investment and here are specific projects where we can work together to mobilize private investment. Underlying this involvement, as the Ambassador mentioned, is the proposition that in a sense you cannot achieve these goals in Bangladesh or in most countries around the world, without in a sense mobilizing private investment, because the investment requirements are so large.

From the very beginning we have had a dialogue with not only the government institutions but

with the private sector, with the Chamber of Commerce, Dhaka Chamber of Commerce and Industry, and a range of interest in workshops involving the private sector and the NGO community to address opportunities in each of the three goal areas.

So I will just say that this work is proceeding well and we have identified a core of projects and investors, interested parties that we hope will be able to move to closure on some of these projects. We are working with our counterparts in the development agencies to see what role they can play. Not only the World Bank and UNDP, but IFC and KFW and the German assistance, JICA, and others. So we have a real partnership among the development community to try to advance this program and the government is very supportive. The Secretary General and the President of the World Bank have called a Sustainable Energy For All Forum in New York in the beginning of June, at which we will highlight the work that Bangladesh is doing in this area as to the international community to a very large meeting. . And because I think it is important for the world to recognize some of the important progress that Bangladesh has made, especially, for instance, in the home solar area. This experience in the models and the approaches to public partnership in this area are ones that are being looked at throughout the world, in Africa and in other areas, so I'm very happy to be part of this process to try to disseminate the lessons from the Bangladesh experience and to continue to work with the Bangladesh government and private sector to advance investment in achieving these important objectives.

I think that the energy problem requires a real common effort, a common effort that is important not only in terms of economic growth and development but is essential to the meeting of our goals on the climate change side and the international effort that is underway that hopefully will lead to a new agreement next year as part of the climate negotiations. And of course, energy security. Clearly energy security remains vital to all countries. Security, reliability, reducing the vulnerability to energy shocks and disruptions. This is going to be increasingly important to Bangladesh because I think the energy situation will require Bangladesh to have to import energy to meet its needs as well as develop its domestic resources and work with its neighbors on improving energy cooperation and supplies.

The team that we have here is working hard with counterparts to advance the investment process and we are very optimistic that we will have some very tangible results on this in the near future.

Thank you all for listening. I'm happy to answer some questions.

Press: This is Zahirul Alam, I work for NTV, it's a private television station.
Actually, I was reading an interview which you were giving to a local press last year. You said the biggest challenge for South Asian countries and the Sub-Saharan countries is taking power to the rural areas. So in getting over the challenge did you observe an encouraging level or encouraging amount of response from the private sectors in Bangladesh? And how many countries you are partnering with to promote the SE4ALL in the coming days? Thank you.

DAS Ichord: As we look at the issue of access and rural energy development it is clear that South Asia and Sub-Saharan Africa are the areas that require greatest attention in policy and

investment. The investment requirements are significant. The International Energy Agency estimates that to meet the goal of universal electricity access by 2030 that roughly that $50 billion a year is necessary.

Press: Zahirul Alam, NTV*:* For?

DAS Ichord: For to meet the needs of 1.2 billion people now that currently do not have electricity.

Ambassador Mozena: In the two areas combined.

DAS Ichord: In, well, this is globally, but the bulk of the people that don't have electricity are in South Asia and in Sub-Saharan Africa. But there are areas, for instance, in Indonesia, et cetera, that also are important from that standpoint.
So the importance of private sector and mobilizing new approaches for financing and commercialization of technologies is there.
This will be done by a combination of both expansion of the distribution systems as well as decentralized options and technologies that have become more economic and viable for a variety of reasons.
Bangladesh, as you know, has been in the forefront of the commercialization of solar home systems which have really in a sense really grown exponentially. I think that the experience and the approaches that the IDCOL has taken have been very significant. It's important to try to learn and understand the lessons from that experience in terms of the global problem.
From the early days where Grameen Shakti was involved in the working with the rural communities, to now where you have, I think I'm correct to say, over 50 partners, NGOs and private sector partners as well as other companies that have now got into the process to work on not only providing small solar PV systems but now moving into mini-grids and larger village and community systems that can provide more power to the communities for both household and for productive uses and commercial applications.

It's essential that the households have increased electricity, have electricity and can have lighting for reading and for other activities; it's also important to many other applications, whether it's in the agricultural and agri-processing area, the health and education area, et cetera for rural health clinics and things like that. All of those are very important dimensions to an overall development approach that can lift the quality of life and increase incomes in this population.

So I would say that I'm optimistic based on what we see here, where there is a robust private sector and strong interest in looking at these alternative models as well as continuing the solar home systems with very reduced subsidies. That's not to say that affordability is not an issue. Affordability of energy is an important issue as we look at this goal of access. But at the same time energy is critical to increasing the income and the potential of consumers to buy these systems. I think what you're seeing, you are seeing an income effect from villages that have adopted these systems because people are now saying I want more than 60 watts or 30 watts, because I want a better TV or I want fans or other appliances, and I think the interesting aspect is

also that, in a sense that with the LED lights and work on efficient appliances you can meet many of those needs with a lot less power. So the size of the system and the cost of the system are going down. And that trend you can expect to continue in terms of innovation and in terms of the cost of the basic systems.

So I'm optimistic about this model; we did some of that decentralized work in the '80s in Asia, but it was very expensive except for certain areas like small hydro.. But now with the drop in the solar costs and the fact that Bangladesh has so much solar energy, that this option is really becoming almost the dominant model for rural energy development. Because it's very expensive to extend the grid systems. And as you know, one of the problems is that the reliability of power in the system is also a big constraint and we see this in India and other places where the lines may be there; and although they may be fairly close to the villages, they're not delivering reliable power.

But one of the interesting things about the IDCOL model was that it provided a guarantee that if the grid did come to the village and the households wanted to switch to grid-connected power, that they would buy back the systems that were provided.

So in a lot of innovative approaches and a lot of potential to continue the expansion on hopefully an exponential curve, headed toward five million households. And the trick is how can we scale up these technologies to meet that 2030 goal for 1.2 billion people? How can we do it at less than $50 billion a year? Estimates are that something like $10 billion is going into this area, so we're well short of what's needed in terms of these rough estimates. But I think that that estimate is only an estimate and hopefully innovation can continue and we can deliver and commercialize the technologies for a lot less than that.

Press: My name is Pantho Rahman . I work for a television channel also, Channel i.
You said about sacrifice and all that. Growth sacrifice of many countries around the world.

DAS Ichord: Sacrifice?

Press: Pantho Rahman, Channel i*:* Yeah, sacrifice growth for the countries. No? You talked about the sacrifice of --

Press: Mahadi Hasan, *Kaler Kantho*: You just told that we cannot sacrifice our development, we need energy.

DAS Ichord: Oh, I see. All right.

Press: Pantho Rahman, Channel i*:* Do you really think that Bangladesh can continue its growth with renewable energy? That's what you were saying all about, like solar energy. Any renewable energy for the 160 million people. Is that possible? Is there any way?

DAS Ichord: I think the potential for increased use of renewable energy is very good in

Bangladesh. I think that the government is pursuing a diversified strategy. I would like to see a more aggressive target than 500 megawatts for renewable energy. I think it is possible. And this is a combination, a combination of some of the larger units, as well as the continued efforts on the decentralized and smaller grid systems.

I can envision a situation where you have smaller solar systems that would be developed in areas, for instance, even within the PBSes and that those could be integrated into the existing networks so that you would have grid supplied renewable energy as well as decentralized off grid energy. But there's a lot of potential for that growth.

On the wind side there are some projects that are coming up. The U.S. Agency for International Development is helping as well as others to map the wind resource so we have a better idea as to the wind resource, its characteristics and what the economics are of wind development. So I was talking with the Power Development Board this afternoon on this issue and they're looking at trying to continue and develop some of these initial projects, 50 megawatts or so. There's a U.S. company that's interested in pursuing this, so that's promising.

Press: Pantho Rahman, Channel i: U.S. are going to invest more in this field, renewable energy?

DAS Ichord: Is the U.S.?

Press: Pantho Rahman, Channel i: Yeah.

DAS Ichord: At home or internationally?

Press: Pantho Rahman, Channel i: Here in Bangladesh.

DAS Ichord: In Bangladesh. I think obviously we are trying our best to interest investors including investors from the United States and I see more and more investor interest in these markets. There are clearly important steps that the government is planning to take to create a more predictable and favorable investment environment. The government, of course, created a SREDA (Sustainable Renewable Energy Development Authority) Agency but it is not yet operational. It's just getting going. It's going to play an important role in guiding the development of renewable energy in the country, and that is going to be important to the assessment of companies from the U.S. and others as to what the investment environment is.

The tariff and financial approaches to providing incentives for renewable energy is another area that's very important. Our view is that there needs to be a level playing field so that renewable energy can compete with other sources and that some of the subsidies that discourage renewable energy can be removed thereby creating more competition among these different sources.

Press: My name is Nurul Islam Hasib. I work with BDNews24.com it's an online newspaper.

So if we look at the Bangladesh government's plan of 2030, the plan is to generate 39,000

megawatts electricity. In the energy needs you will see that half of them will come from coal and major portion will come from nuclear energy. I would like to get some comments from you on this because in Bangladesh the coal is still a debatable issue. When government talks about coal, there are some groups who always speak against coal. And the nuclear sector, even our German Ambassador, he was also concerned about the nuclear safety issues, particularly concerned after the Fukushima nuclear disaster. So, what is your comment.

DAS Ichord: I think that the direction of the policy is one that is logical from the standpoint of requiring base load power to meet the needs of Bangladesh. Right now obviously the gas is the dominant source. We feel that from the analysis of our U.S. Geological Survey and others that Bangladesh has additional gas resources on shore as well as off shore. And I think in my comments last year to the press I said there needs to be a greater effort to expand the drilling and exploration on shore as well as the off shore. And to one, confirm the size of those resources, and to determine whether they are commercially viable to develop. And the on shore, of course, is a lot less expensive.

The off shore exploration which is just beginning is very expensive. The risks are high and we'll have to see how that process works. But clearly when faced with the option of importing fuel -- coal, LNG, oil -- to meet requirements, it's certainly important to make sure that the price that is provided for this development gives proper incentives for the companies to take the kinds of risks that they're taking in looking at these investments, where you're talking about $80-$100 million a well for off shore development. Having said that, there is still the potential of very significant gas finds.

So I think from the standpoint of the longer term strategy, you should not rule out gas continuing to be a major source of supply for the country.

On the coal question, the U.S. has stated a clear policy in President Obama's Climate Action Plan in which we seek to work with countries to develop low emission strategies and , with respect to public financing of coal, do that only in exceptional cases.

So I think we have a process underway with the government to develop and to analyze the low emission strategy that is viable for Bangladesh, and that will in a sense look at some of these opportunities not only on the supply side but on the demand side -- and that's where the energy efficiency comes in. Because I know from my experience here coming back after 25 years, I just think of all the energy that could have been saved if more efficient buildings had been built in that 25 years.

So all countries have to look very carefully at the potential for energy efficiency because it's probably the lowest cost source of energy. We know we can achieve energy efficiency. It's not a question of finding oil and gas somewhere. It is in the bank. All we have to do is develop the investments and apply the technologies that exist. It's not even new technologies. And we've seen what LED lights can mean. It can save hundreds of megawatts, even more, through an aggressive program to introduce LED lights. The same is true with air conditioning, with

refrigerators, all kinds of appliance efficiency possibilities that can reduce that demand and therefore reduce the demand for coal plants, nuclear plants, solar plants.. And what we're finding in our economic analysis, and Pat DeLaquil, my colleague who was here, can attest, in our analysis of strategic options for countries around the world the combination of renewables and energy efficiency is a very important option in terms of how countries can address these questions.

Nuclear is, a difficult option, especially for countries that have no nuclear capacity and are interested in developing a green field nuclear plant. We're talking about $5 to $7 billion and tremendous requirements in terms of human and infrastructure requirements to develop a nuclear industry.

There are promising elements of what's happening on the nuclear technology front. The U.S. is working on small modular nuclear reactors, but that technology is not commercially viable yet. It probably won't until at least 2022 or later. From a climate standpoint nuclear may have an important role, an increasing role in the future as we look at how to reduce emissions. But there are lots of challenges, not only on the safety side, in terms of developing nuclear capacity here in Bangladesh.

I think the diversification approach is the best policy and I would say that hopefully, and that the changes in technology and the cost of technology open up new possibilities; so that just continuing with a policy that relies primarily on coal and nuclear is one that certainly we will work with the government to consider, whether that's in the long term best interest.

Press: Nurul Islam Hasib, *BDNews24.com*, it's not a question it's just a clarification. You are telling that the U.S. is currently working with the government to lower emission.

DAS Ichord: And that doesn't preclude some of these sources. It just says we're going to take a hard look at what are the optimal approaches to meet over time low emissions and move toward a lower carbon economy.

Press: Mahadi Hasan, *Kaler Kantho*: You were talking about private investment. Now in Bangladesh, government is purchasing power from private sector, who are producing power. There is criticism that they are buying power with a high price. They are selling it to the ordinary people, best price. So there is a huge difference between the two prices. What is your advice to the government in this issue? Diesel power.

Press: I'm Munima Sultana. I'm working in *The Financial Express* a daily newspaper.

My question is also related to the private investment and exactly you are inviting private investment in the sustainable energy sector and our government has renewable energy policy, has also set a goal of producing 500 megawatts by next year. But still it is not even five percent of the target. So how could this be possible when private investors are also not enthusiastic to invest in this sector because the financial approach is not that kind of, you know, to encourage

them. Because sustainable financing we have now in our government policy in Bangladesh, Central Bank policy, but private sector is still not that much enthusiastic in this sector. How could this problem be overcome? Thank you.

DAS Ichord: I think we have two different aspects but both of them relate to pricing, and clearly are influenced by the experience with rental power.

The economy needs energy and therefore the decision to meet that gap through oil was made. It's high cost. The government wants to try to move away from that. There is a gap between the average cost of generation and what is the wholesale price from BPDB. My understanding is the government ruled recently to increase pricing somewhat, and that this process probably will continue to try to close that gap so that there is not that subsidy between the average cost of generation and what is passed on to the consumers.

I think from that standpoint the issue related to price and stability and predictability of a regulatory regime is going to be very important to increase the investor interest in renewable energy. There is some now, and clearly as I said before on the solar home system side, companies are investing in marketing technologies; people are buying them and the subsidy has been greatly reduced for all but the very lowest income groups. So I think that you're right in the sense that there needs to be more incentives for renewable energy development.

Thank you.

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